<u>REMARKS</u>

Claims 41-60 remain in the present application. Claims 41 and 50 are amended herein. Applicants respectfully submit that no new matter has been added as a result of the claim amendments. Applicants respectfully request further examination and reconsideration of the rejections based on the arguments set forth below.

<u>Claim Rejections – 35 U.S.C. §103</u>

Claims 41-60 are rejected under 35 U.S.C. §103(a) as being allegedly unpatentable over United States Patent Number 7,113,646 to Youn (referred to herein as "Youn") in view of United States Patent Number 5,974,184 to Eifrig et al. (referred to herein as "Eifrig"). Applicants respectfully submit that the embodiments of the present invention as recited in Claims 41-60 are not rendered obvious by Youn in view of Eifrig for the following reasons.

Applicant respectfully directs the Examiner to independent Claim 41 that recites a dynamic AC prediction method comprising (emphasis added):

> performing DC prediction, using a first circuit, for a first macroblock using DC coefficients associated with at least one macroblock adjacent to said first macroblock;
> performing AC prediction, using a second circuit, for said first macroblock using AC coefficients associated with said at least one macroblock;
> determining whether an overflow condition is to occur in a first data packet if said first macroblock is encoded in said first data packet;
> if no overflow condition is to occur, supplying AC predict coefficients and DC predict coefficients for encoding said first macroblock in said first data packet;
> if said overflow condition is to occur, supplying said AC coefficients and said DC predict coefficients for encoding said first macroblock in a second data packet; and

<u>disabling AC prediction, based on said overflow condition, for</u>
<u>encoding said first macroblock in said second data packet</u>.

Independent Claim 50 recites elements similar to independent Claim 41. Claims 42-49 and 51-60 recite further elements of the invention claimed in their respective independent Claims.

Page 4 states that Youn fails to teach or suggest "disabling AC prediction." Accordingly, Applicants respectfully submit that Youn also fails to teach or suggest the elements of "disabling AC prediction, responsive to said overflow condition, for encoding said first macroblock in said second data packet" as recited in independent Claim 41.

Applicants respectfully submit that Eifrig, either alone or in combination with Youn, also fails to teach or suggest the elements of "disabling AC prediction, based on said overflow condition, for encoding said first macroblock in said second data packet" as recited in independent Claim 41. As described in the present application, it is determined whether an overflow condition is to occur in a first data packet if a macroblock is encoded in the first data packet. If the overflow condition is to occur, AC coefficients and DC predict coefficients are supplied for encoding the macroblock in a second data packet. Additionally, AC prediction is disabled, based on the overflow condition, for encoding the macroblock in the second data packet.

In contrast to the claimed embodiments, Applicants understand Eifrig to teach that the "decision for switching AC prediction on or off is based on a

comparison of the sum of the absolute values of all AC coefficients to be predicted in a macroblock, and the sum of the absolute values of the predicted differences" (col. 12, lines 8-12). Assuming arguendo that switching AC prediction off as taught by Eifrig is analogous to disabling AC prediction as claimed, Applicants respectfully submit that a comparison of the sum of the absolute values of all AC coefficients to be predicted in a macroblock and the sum of the absolute values of the predicted differences as taught by Eifrig is very different from an overflow condition as claimed. For example, Eifrig fails to teach or suggest that the comparison of the sum of the absolute values of all AC coefficients to be predicted in a macroblock and the sum of the absolute values of the predicted differences is an overflow condition as claimed. Accordingly, Applicants respectfully submit that Eifrig teaches disabling AC prediction based on a comparison of the sum of the absolute values of all AC coefficients to be predicted in a macroblock and the sum of the absolute values of the predicted differences instead of disabling AC prediction based on an overflow condition as claimed.

For these reasons, Applicants respectfully submit that independent Claim 41 is not rendered obvious by Youn in view of Eifrig. Since independent Claim 50 recites elements similar to those recited in independent Claim 41, Applicants respectfully submit that independent Claim 50 is also not rendered obvious by Youn in view of Eifrig. Since Claims 42-49 and 51-60 recite further elements of the invention claimed in their respective independent Claims, Applicants respectfully submit that Claims 42-49 and 51-60 are also not rendered obvious

by Youn in view of Eifrig. Thus, Applicant respectfully submits that Claims 41-60

overcome the 35 U.S.C. §103(a) rejection of record, and therefore, are allowable.

CONCLUSION

Applicants respectfully submit that Claims 41-60 are in condition for allowance and Applicants earnestly solicit such action from the Examiner.

The Examiner is urged to contact Applicants' undersigned representative if the Examiner believes such action would expedite resolution of the present Application.

Please charge any additional fees or apply any credits to our PTO deposit account number: 50-4160.

Respectfully submitted,

MURABITO, HAO & BARNES LLP

Dated: ___2 / 3 / 2010___   ___/BMF/_____

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